

Good evening Director Awakuni-Colón, Deputy Director Takeuchi, Cable Administrator Kim.

My name is Christopher Wilson. I am the Vice President and General Counsel of Cincinnati Bell.

Thank you for holding this public hearing to allow customers and members of the public to voice their thoughts and opinions on our Application for Transfer of the Cable Franchise.

Applicants are requesting approval from the Director of the Department of Commerce & Consumer Affairs, DCCA, for the transfer of control of the cable franchise that will result when Cincinnati Bell combines with Hawaiian Telcom Holdco Inc., which is subject to on-going approval proceedings before the Public Utilities Commission and the Federal Communications Commission.

Cincinnati Bell and Hawaiian Telcom entered into an approximately \$650 million Agreement and Plan of Merger on July 9, 2017, in which Cincinnati Bell will acquire all of the outstanding equity interests in Hawaiian Telcom Holdco Inc. The cable franchisee, Hawaiian Telcom Services Company, will become an indirect subsidiary of Cincinnati Bell.

To begin with, I'd like to tell you a little about Cincinnati Bell. Dating back to 1873, Cincinnati Bell is a well-established telecommunications carrier that has been successfully providing residential and business services in Cincinnati and the surrounding territory covering approximately 2,400 square miles in Ohio, Indiana, and Kentucky. In recent years, we have deployed a 10,000-mile fiber optic network within our operating territory, and have used it to offer both cable TV and Internet access services to households and businesses, in addition to our more traditional telephone service. Our company prides itself on its close ties to the communities it serves, and we know that Hawaiian Telcom's management has a similar

philosophy. The planned combination of the two companies will be at the holding company level and will not affect the day-to-day operations, billing systems, or operational support systems of Hawaiian Telcom. Hawaiian Telcom will keep its name and existing collective bargaining agreements with its union employees will continue to be honored. Its cable TV service will continue to operate as Hawaiian Telcom TV. Customers will continue to be serviced by local support personnel. There will be no service disruption or customer confusion. Customers will not be asked to change service providers. Hawaiian Telcom TV will remain under local management, and will stay close to the needs and input of its customers on Oahu. There will be clear benefits from the combination and transfer of control of the franchise. The combination with Cincinnati Bell will provide Hawaiian Telcom TV with additional scale, technical resources, and financial support to maintain and improve its services to its customers. The increased scale and resources of the combined operation will facilitate greater growth opportunities in a range of products and services including expanded broadband and entertainment products available over an enhanced fiber network. Leveraging best practices of the combined entities will allow knowledge sharing leading to improved efficiencies and operations benefiting customers.

Hawaiian Telcom's presence in the cable TV market has added new and very necessary competition to the incumbent cable TV provider. In 2011, DCCA granted HTSC a non-exclusive cable franchise for Oahu. Since then, HTSC has slowly gained market share, but still pales in comparison to the incumbent cable TV provider. Indeed, Hawaiian Telcom TV's experience is very similar to our own experience in the Cincinnati market, where we entered the TV business

as a fledgling competitor to an established, dominant provider — as a matter of fact, the very same provider that dominates the cable TV market here in Hawai'i, so we know what it takes to compete effectively against them. With Cincinnati Bell's commitment to invest in fiber deployment, Hawaiian Telcom TV's ability to compete and offer Oahu consumers a real choice in cable providers will be greatly increased. Recently, we have seen the dominant cable operator lower its cable TV subscription prices in Oahu. This shows the effect competition has on the market, and the benefits it brings to consumers. Strengthening Hawaiian Telcom's position with its combination with Cincinnati Bell will only enhance that competition which will lead to better viewing experiences, responsive customer service, and attractive pricing in the market.

I want to thank DCCA for holding this public hearing. I also want to thank the members of the public who have taken the time to come here to offer comments on our request to transfer control of HTSC's cable franchise. This concludes my testimony. I look forward to hearing the public's comments. I will remain here at the conclusion of this hearing to answer questions. Thank you for allowing me to testify.

**Statement of Hawaiian Telcom Services Company  
By John T. Komeiji  
Senior Vice President, Chief Administrative Officer and General Counsel**

**Department of Commerce and Consumer Affairs  
Public Hearing  
October 5, 2017**

Director Awakuni-Colón, Deputy Director Takeuchi, Cable Administrator Kim, and members of the public, good evening. My name is John T. Komeiji, Senior Vice President, Chief Administrative Officer and General Counsel for Hawaiian Telcom Services Company. Thank you for allowing me this opportunity to share with you how Hawaiian Telcom's merger with Cincinnati Bell, and the requested transfer of the cable franchise, will benefit the consumers of cable TV services on Oahu.

As Mr. Wilson has described, the merger will not affect Hawaiian Telcom's name, day-to-day operations, back office systems or existing customer service personnel. There will be no change or transition for our customers.

Hawaii will benefit from the combination of Cincinnati Bell and Hawaiian Telcom in several ways. First, Cincinnati Bell is committed to investing in Hawaiian Telcom's Next-Generation Fiber Network, allowing us to expand our reach into additional communities and to more homes and businesses. This will provide more consumers with competitive cable TV and broadband offerings over the highest quality network.

In addition, Cincinnati Bell has successfully built its own TV business. Sharing of best practices between the combined companies will improve technical abilities, marketing and service delivery, generate greater innovation, and result in the delivery of

more competitive products and services to customers in Hawaii. Together, the companies will have larger scale, providing improved opportunities for research and development of the latest technologies and alternative entertainment options, as well as greater leverage in acquiring TV content and equipment, allowing for more robust and progressive service offerings that will stay abreast of the rapid changes in local consumer demand.

Finally, Cincinnati Bell and Hawaiian Telcom share similar histories and cultures. Both companies have been in existence for over 100 years, providing continuous and evolving services in their respective geographic areas. Cincinnati Bell, like Hawaiian Telcom, understands the importance of commitment to the local community and to customers and employees who have been with us for multiple generations. The longevity of each company, as well as our ability to succeed as smaller competitors in an industry in which consolidation has resulted in giant conglomerates, is a testimony to the importance each company places on the caliber of its employees and the quality of service provided to its customers. The combination of the two companies, with shared values and goals, will reinforce Hawaiian Telcom's commitment to not only providing the people of Hawaii with high quality, robust and competitive entertainment options, but also to improve the communities in which we live and work.

In summary, it is our firm belief that with the additional resources, expertise and capital funding that Cincinnati Bell can provide, Hawaiian Telcom will be able to enhance and expand its current TV and broadband offerings, and continue to be a significant force in the local community, which will benefit the people of Hawaii. As a company with a significant legacy in the history of our state, the combination will enable

Hawaiian Telcom to continue to successfully adapt its service offerings to meet the needs and demands of the people of Hawaii.

Thank you to the DCCA and everyone else for allowing us the opportunity to present testimony today. We look forward to hearing the comments from the rest of tonight's testifiers.

Hawaiian Telcom/Cincinnati Bell Transfer Application  
DCCA Public Hearing  
October 5, 2017

Thank you for the opportunity to share our comments on the transfer of cable franchise from Hawaiian Telcom to Cincinnati Bell.

Sanford Inouye, President and CEO of `Ōlelo Community Media and with me is Angela Angel, our VP and CPO.

Before we get to the comments specific to the transfer application, I would like to share a few overall comments.

We appreciate the support from Hawaiian Telcom over the past several years where they have provided two (2) High Definition Channels for our programming – channels 1049 and 1053. These are in addition to the four (4) standard definition channels currently on Hawaiian Tel's cable system. By having our community programming on HD channels, it elevates the exposure as most viewers today view programs in HD and not necessarily in standard digital format.

We also appreciate the financial support received from their cable subscribers in terms of the franchise fees. They provide us with the needed resources to continue to train community members and to share their stories to the greater community. The programming on our PEG access channels are primarily produced and submitted by community members – individuals who could be your neighbor, relative or friend; government agencies; and nonprofit agencies. These community producers provide a diverse and wide variety of programming available to cable subscribers.

We are optimistic and see a future where through the continued support and investment of Hawaiian Telcom/Cincinnati Bell:

- Expansion of their fiber network - will help to deploy cable and other advanced services throughout O`ahu.
- Providing PEG Video on Demand channels for government and community programming – will help to provide a library of community based content to their cable subscribers on an on-demand basis.

- Cultivating the next generation of story tellers – will help to advance the educational learning experience from elementary through high school and beyond with creative media training and mentoring that `Ōlelo provides to students and educators.
- Continuing to provide a variety of diverse, relevant and entertaining community programming – programming unique to our island - will help to expand the reach for Hawaiian Telcom cable subscribers of local community programs that are not available on satellite cable systems and other content providers not subject to similar regulation as franchised cable operators like Hawaiian Telcom.

When you look around today, almost everything is relatable to creation of video content in what we view whether on television or the Internet. Individuals, organizations, government agencies, and the like are utilizing video to convey their message or story on multiple platforms. `Ōlelo and PEG Access, through the continued support of Hawaiian Telcom/Cincinnati Bell and its cable subscribers, can provide the necessary training, tools and resources to empower them to create and share their stories to the greater community. That is and continues to be our mission.

The week of October 16<sup>th</sup> through 22<sup>nd</sup> is national free speech week. It is a time to raise public awareness of the importance of free speech and to celebrate that freedom. In the exercise of free speech, PEG Access is a vehicle for anyone in your community to learn to create and share their stories to the public on a platform and in a manner not available on traditional broadcast and commercial television. To that end, we appreciate Hawaiian Telcom/Cincinnati Bell's statement that they "intend to continue to support PEG access in the future in accordance with requirements of the Franchise Agreement."

In closing, we have found Hawaiian Telcom to be very responsive in working with us. The local team has been very professional and respectful. We appreciate the positive relationship with Hawaiian Telcom local management and look forward to continuing that relationship through the new corporate structure as proposed in the transfer application.

Again, thank you for the opportunity to share our comments.

**Testimony of 'Ōlelo Community Television**  
**Public Hearing on the Transfer of Control of the Cable Television Franchise**  
**Held by Hawaiian Telcom Services Company, Inc. to Cincinnati Bell**

**October 5, 2017**

My name is Angela Angel, Vice-President and Chief Production Officer of 'Ōlelo Community Media. On behalf of the private non-profit corporation that serves as the Public, Education and Government ("PEG") Access services provider on O'ahu, we appreciate the opportunity to submit this testimony.

'Ōlelo presently shares a positive working relationship with Hawaiian Telcom. Throughout the years they have proven to be strong PEG partners, taking supportive and innovative action to help us serve our island community, a common goal. They've shown a sensitivity to preserving localism by supporting island voices that utilize PEG Access as a resource to learn how to capture stories via creative media and showcase their programs on 'Ōlelo's channels. Hawaiian Telcom provides us two HD channels that mirror two of our four PEG channels and continues to work with our engineering team relating to transport of video content between 'Ōlelo and Hawaiian Telcom. It is because of this cooperative spirit that 'Ōlelo supports this request for transfer of control, provided that Cincinnati Bell continues to honor the many local partnerships that HTSC has, including ours, and commits to supporting PEG Access by meeting the requirements stated in the DCCA Cable Television Division's Decision & Order No. 352.

In the Application, the State asks Cincinnati Bell to summarize changes, if any, that it will undertake or is proposing in the next ten years to areas like PEG Access support. (G.2.) We appreciate Cincinnati Bell's responses that, "local management will continue to manage the operations in Hawai'i and play an important role in decision making in the combined entity and to shape how best to meet the needs of Hawai'i's communities..." and that "The combination will occur entirely at the holding company level and will not affect day to day operations..." We appreciate these responses as it shows an understanding of the unique business culture in Hawai'i. Maintaining local management in the operations of the company will provide the connectivity or nexus to continue to build stronger partnerships and collaborations with community-based organizations and local businesses.

We also appreciate Cincinnati Bell's response to the Information Requests put forth by the DCCA relating to continued support of PEG Access. Cincinnati Bell's stated experience with PEG Access organizations and services in its franchise areas in the mainland U.S., its numerous PEG Access channels in its channel lineup, and work with organizations representing 60 government entities, communities and school districts indicates that Cincinnati Bell understands the importance and value of PEG Access to local communities who need to create and share local stories on their cable system. (IR 11)

We are also pleased to read that when asked to summarize plans for PEG Access support and if any changes will be proposed regarding the level of support, Cincinnati Bell responds that "the combination will not affect the existing franchise obligations and that there are no existing plans to make any changes to the current PEG arrangements" and that "HTSC intends to continue to support PEG access in the future in accordance with requirements of the Franchise Agreement, D&O No. 352." (IR 12)

As noted above, Hawai'i's business environment is unique in the sense of the diversity of our residents and local communities. 'Ōlelo sees this transition as an opportunity to forge even stronger positive relations with Hawaiian Telcom to showcase local talent, events and issues that make our community unique, diverse and vibrant. We trust that the DCCA will continue to oversee the requirements and

obligations with respect to PEG Access to insure Cincinnati Bell's fulfillment of those obligations provided in D&O No. 352, with attention to those that support PEG Access:

- That all PEG Access Channels are transmitted to all Subscribers on Basic Service Tier. (C.1.)
- The provision of 4 digital channels designated for public, educational, and government access purposes in both standard digital and (in maintaining technical picture quality) high definition formats. (F.1.)
- Two-way PEG Access connectivity capacity at 2 sites. (F.4.)
- Ensuring that technical quality of PEG Access and other required Channels are at least equivalent to the technical and picture quality of the local broadcast television stations, and can be located and viewed in the same manner as other commercial channels; that PEG channels will continue to be located in a contiguous grouping of channels. (G.1-2)
- Promotional "Tune-in" Public Service Announcement placements of which approximately 1000 spots are allocated to PEG Access. (G.3.a.)
- PEG Access programming inclusion on on-screen and online program guides. (G.4.)
- Consideration of future digital upgrades to PEG Access channels, which includes upgrades to the equipment and facilities. (H.2.)
- Ensure continuation of subscriber based franchise fees for operating and capital support for PEG Access. (I.1-2, J.2.)

The DCCA has indicated their ongoing support of PEG Access services throughout the State, and we appreciate the support and collaborative working relationship with DCCA and Hawaiian Telcom. Through the collective efforts of DCCA, Hawaiian Telcom, and 'Ōlelo, we can achieve greater successes that benefit our communities as well as provide positive impacts to individuals, families, keiki to Kūpuna and community-based organizations.

For 28 years, 'Ōlelo Community Media has empowered, equipped and engaged thousands of O'ahu residents, organizations, institutions, officials and agencies through creative media training and services necessary to share meaningful stories and dialogue via PEG Access Channels. We leverage resources through many dedicated volunteers and long-standing community partnerships to maximize services to our island residents. Thousands of hours of original programming is submitted annually by our local community producers. Our youth and educator initiatives touch thousands of students and their teachers throughout the year. Our programs represent O'ahu's rich diversity in culture, traditions and perspectives. These successful outcomes can continue to flourish by maintaining the PEG Access provisions in the cable franchise.

In summary, 'Ōlelo supports Hawaiian Telcom and Cincinnati Bell's request for transfer of control of the cable franchise, provided that they continue to comply with and fulfill the PEG Access requirements and obligations set forth in Decision and Order No. 352. We hope that Cincinnati Bell will preserve the local presence by maintaining local operations with management and staff, the many partnerships that Hawaiian Telcom has formed with our local community, including the one with us, and that it will abide by its commitment to "continue to support PEG access in the future in accordance with the requirements of the Franchise Agreement Decision and Order No. 352."

Thank you again for the opportunity to present our testimony.

TESTIMONY OF  
CHARTER COMMUNICATIONS, INC.  
LAURENCE F. SCHOTT  
Senior Director Government Affairs

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
CABLE TELEVISION DIVISION

Public Hearing  
October 5, 2017

Hawaiian Telcom and Cincinnati Bell Transaction  
Joint Application for Transfer of Control of the Cable Television Franchise  
Held by Hawaiian Telcom Services Company, Inc.  
Filed August 11, 2017

**BACKGROUND.**

Hawaiian Telcom and Cincinnati Bell filed a Joint Application with the DCCA for approval of transfer of control on August 11, 2017 ("Transfer Application").<sup>1</sup> In addition, Hawaiian Telcom and Cincinnati Bell, et al., filed an Application with the FCC for approval of the indirect transfer of control pursuant to 47 U.S.C. § 214 and 47 C.F.R. §§ 63.04, 63.18 and 63.24 in WC Docket No. 17-207 ("FCC Application"), on August 11, 2017.

**SUMMARY.**

Charter welcomes competition, provided competition is fair and is not skewed by circumstances where conditions and requirements possibly may be imposed on one competitor, but not the other, in a regulated environment. As part of the approval of the Transfer Application, comparable franchise requirements and merger conditions must be equally applied to ensure fundamental fairness, a level competitive arena, and transparent benefits for consumers.

Significant inequities currently exist between the Charter<sup>2</sup> and the Hawaiian Telcom<sup>3</sup>

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<sup>1</sup> The Department of Commerce and Consumer Affairs ("DCCA"), on September 12, 2017, issued a Notice of Public Hearing, which scheduled a public hearing on October 5, 2017 (the "Public Hearing Notice"), to provide an opportunity for interested parties to submit written or oral data, views, and/or arguments on the Transfer Application. See HRS § 440G-7(2). Written comments may be submitted to DCCA through October 12, 2017. See Public Hearing Notice, at 2.

<sup>2</sup> The terms of Charter Communications, Inc.'s ("Charter") Oahu cable franchise is predominantly governed by State of Hawaii, DCAA, Cable Television Division Decision and Order No. 346, issued Jan. 14, 2010 ("D&O 346") (renewing Oahu cable franchise); DCCA Decision and Order No. 355, issued Sept. 21, 2012 ("D&O 355") (transferring cable franchises from Time Warner Entertainment Company, L.P. ("TWE") to Oceanic Time Warner Cable, LLC ("OTWC")); Stipulation to Settle All Claims of the Parties, CTV-2013-1, filed Mar. 4, 2014 ("2014 Stipulation"); DCCA Decision and Order No. 365, issued May 12, 2015 ("D&O 365") (establishing OTWC's Oahu INET obligations for the years 2015 through 2020); DCCA

Cable TV franchises. These inequities should be addressed and remedied by the DCCA. In addition, there are also important merger conditions, which were imposed on Charter,<sup>4</sup> that should also be considered in this merger proceeding.

All such issues should be addressed when evaluating the merger described in the Transfer Application to ensure that consumers truly benefit from fair competition. The inequities and merger conditions that should be considered include, *but are not limited to*, the following matters:

### **INEQUALITIES IN CHARTER'S AND HAWAIIAN TELCOM'S RESPECTIVE FRANCHISES.**

#### **Service Area/Line Extension Policy.**

Under its franchise, Charter must serve all residents based on a 25 homes per mile line extension policy. D&O 346 § IV.B, IV.S.6.

Hawaiian Telcom's franchise does not have the same requirement. Hawaiian Telcom's franchise only provides that it "shall make its Cable Service available to all, or nearly all, residents on the island of Oahu, taking into consideration technological, economic and competitive market factors." D&O 352 § IV.B. Hawaiian Telcom's franchise does not include an objective density standard to determine build-out requirements, unlike Charter's franchise.

Accordingly, Hawaiian Telcom is not required to build into and serve areas that satisfy the 25 homes per mile standard, while Charter is expressly required to do so. Any merger approval order should expressly remedy this inequitable treatment by imposing similar service area/line extension requirements on all competitors.

### **PEG AND INET OBLIGATIONS.**

Charter also believes any approval order should clarify that PEG<sup>5</sup> and INET<sup>6</sup> obligations imposed on Charter<sup>7</sup> are equally applicable to Hawaiian Telcom.<sup>8</sup> The burdens of any

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Decision and Order No. 366, issued Dec. 17, 2015 ("D&O 366") (indirectly transferring control from Time Warner Cable Inc. ("TWC") to Charter).

<sup>3</sup> The terms of Hawaiian Telcom Services Company, Inc.'s ("Hawaiian Telcom") cable franchise are predominantly governed by DCCA Decision and Order No. 352, issued June 24, 2011 ("D&O 352") (granting new cable franchise); DCCA Decision and Order No. 361, issued May 15, 2014 ("D&O 361") (establishing Hawaiian Telcom's public, educational, and government ("PEG") access capital obligations for the years 2015 to 2019).

<sup>4</sup> See D&O 366.

<sup>5</sup> PEG means public, educational, governmental.

<sup>6</sup> INET means the institutional network that is used by State and County government and educational authorities and agencies, and accredited educational institutions for broadband communications purposes.

<sup>7</sup> See D&O 346 § IV.E-F (PEG) and D&O 346 § IV.M.1 (INET).

<sup>8</sup> See D&O 352 § IV.E-F (PEG) and D&O 352 § IV.N.1 (INET).

such requirements should be shared among all competitions consistent with both the legitimately-identified community needs for requirements and support as well as applicable law.

**MERGER CONDITIONS IMPOSED ON CHARTER SHOULD ALSO BE IMPOSED ON HAWAIIAN TELCOM AND CINCINNATI BELL.**

The FCC Application described the transaction in the same general terms as the DCCA Application. Like the DCCA Application, the FCC Application did not include any commitments to invest, to deploy WiFi hot spots, to add line extensions, or any other concrete, quantifiable benefit for consumers.

In approving the Charter – Time Warner Cable transfer of control application, the DCCA imposed the following conditions (*among others*) that should also be imposed on Hawaiian Telcom and Cincinnati Bell in this case:

**Network Build-out Requirement.**

Charter and OTWC are required to invest at least \$10,000,000 to build out the network beyond OTWC's current footprint and also to build out at least 1,000 line extensions to homes in OTWC's Hawai'i Cable Franchise areas within four years of the close of the transaction. D&O 366 § IV.E, at 19. DCCA required Charter and OTWC to secure these obligations with a \$1,000,000 performance bond. D&O 366 § IV.N, at 28.

**Deployment of Public Wi-Fi Access Points.**

Charter and OTWC are required to deploy at least 1,000 new public WiFi Access Points throughout the state with at least 100 of those required to be placed in certain public open areas and gathering places as specified and directed by DCCA. D&O 366 § IV.M, at 27-28. Charter and OTWC were also required to secure these obligations with the \$1,000,000 performance bond. D&O 366 § IV.N, at 28.

**Low Income Broadband Programs Offering.**

Within 3 years of the close of the transaction, Charter and OTWC were obligated to, and currently do, offer the Spectrum Internet Assist, low income broadband program throughout all of OTWC's franchise areas. D&O 366 § IV.D, at 16-17. This program is offered by Charter as opposed to merely passing through federal lifeline subsidies.

**CONCLUSION.**

Charter continues to be open to fair competition. Charter recognizes that competition provides consumers with more options for products and services, incentivizes market participants to improve customer service, and drives innovation and efficiency in operations. However, competition, especially in a regulated industry such as this, must be even and level in order for competition to provide customers with such benefits.

Otherwise, some market participants would receive unfair and unearned market advantage, providing less incentives to innovate and invest efficiently.

I have listed a few of the many provisions of the existing Oahu franchises that are not comparable and which must be addressed in this proceeding. In addition, merger conditions that were recently imposed on Charter must be similarly and fairly imposed on Hawaiian Telcom and Cincinnati Bell in their proposed merger in order to establish and maintain a level competitive arena, promote fundamental fairness, and provide transparent benefits for consumers.